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FM AMEMBASSY TOKYO
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INFO RUEHBJ/AMEMBASSY BEIJING 4288
RUEHUL/AMEMBASSY SEOUL 0417
RUEHNH/AMCONSUL NAHA 0729
RUEHOK/AMCONSUL OSAKA KOBE 1536
RUEHFK/AMCONSUL FUKUOKA 8178
RUEHKSO/AMCONSUL SAPPORO 9262
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S E C R E T SECTION 01 OF 02 TOKYO 005515

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E.O. 12958: DECL: 09/24/2016
TAGS: [MARR](#) [PREL](#) [PGOV](#) [MASS](#) [JA](#)
SUBJECT: JDA AVM MORIYA ON DEFENSE BUDGETS, TRANSFORMATION,
LEAKS

Classified By: Ambassador J. Thomas Schieffer, Reasons 1.4 (b/d)

¶1. (C) Summary: Japan Defense Agency (JDA) Vice Minister Takemasa Moriya assured the DCM over Japan's commitment to implement the May 1 Alliance Transformation Roadmap and to fund necessary defense requirements, including Host Nation Support. During a September 22 dinner, Moriya said that construction on a replacement facility for Futenma MCAS would be completed on schedule, regardless of who wins the Okinawan Governor's race on November 19. Moriya agreed that interoperability should be a critical factor in procurement decisions, but insisted on the need to promote a domestic defense industrial base. Moriya acknowledged the damage caused by leaks of sensitive intelligence, but suggested that other agencies were behind recent media disclosures. End Summary.

Alliance Transformation: Fulfilling Promises

¶2. (C) During a September 22 dinner at the DCM's Residence, JDA Administrative Vice Minister Takemasa Moriya offered an upbeat assessment of prospects for implementing the May 1 Alliance Transformation Roadmap. Moriya downplayed concerns that an opposition win in the November 19 Okinawa Governor's election, which he termed as likely, would endanger the proposed transfer of MCAS Futenma activities to Camp Schwab. "We have a good plan for Futenma, and more importantly, it represents a promise made by the government of Japan to the government of the United States," Moriya stated. He added that JDA would work with the Environment Ministry to secure permission for survey work at Camp Schwab if the next Okinawa Governor refused to sign required permits. Moriya said he is significantly more optimistic on completing the Futenma move by 2014 than he was following negotiations on an off-shore heliport during the Special Action Committee for Okinawa (SACO) in 1996.

¶3. (C) Defense Policy Bureau Deputy Director-General Hironori Kanazawa stressed the need for detailed information on the construction of facilities on Guam to accommodate the

proposed transfer of 8,000 Marines from Okinawa. Kanazawa said the Diet would soon start asking JDA about how the government plans to spend the USD 6.09 billion in cash and loans it had committed to fund the Guam move. The DCM pointed out that the U.S. Congress will require similar detail for the four billion dollars the United States will be spending to complete the project.

Defense Budget: New Mechanisms, but No Growth

14. (C) The DCM registered concern that funding commitments for base realignment, Ballistic Missile Defense (BMD), and Host Nation Support (HNS) not come at the expense of Self-Defense Force (SDF) modernization. Moriya asserted that procurement and personnel reforms, coupled with the use of supplemental and reserve budgets will allow JDA to expand Japan's defense capabilities even with static growth in the regular defense budget. Moriya stated that Prime Minister Junichiro Koizumi was the first Japanese leader to allow JDA to access supplemental and reserve budgets prepared by the cabinet. As an example, Moriya said this new authority allowed JDA to pay for the SDF response to the Indian Ocean Tsunami.

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15. (C) Moriya agreed that Japan should increase its regular defense budget, particularly in light of China's accelerating defense spending, but he held out little hope for major changes in the near-term. Nevertheless, Moriya said that by reducing personnel costs from 45 to 40 percent of JDA's budget, JDA could meet its commitments on HNS and BMD without slowing SDF modernization.

TOKYO 00005515 002 OF 002

Procurement Reform: Changing Boxes, Not Mindsets

16. (C) The DCM suggested that significant cost savings could be also achieved by changing the way Japan does procurement, starting with the focus on domestic production. In this context, the DCM noted that recent combined operations by U.S. and Japanese Aegis ships in response to DPRK missile activities demonstrated the importance of interoperability in defense procurement. Moriya replied that interoperability is increasingly a central factor in defense procurement decisions. However, he argued that Japan remains committed to building an indigenous defense industrial base. To support his point, Moriya stated that possession of an Aegis maintenance and repair facility would allow the SDF to upgrade and deploy its Aegis vessels when needed, rather than waiting for slots at U.S. dockyards. Instead of reviewing the basic co-production model, Moriya suggested that JDA could achieve major cost savings by consolidating procurement processes within JDA and the various SDF services.

Protecting Intelligence: Passing the Buck

17. (S/NF) The DCM stressed the importance of protecting sensitive sources and methods. While the United States sees expanded intelligence sharing as in the interests of both countries, recent leaks on North Korea-related intelligence to the Japanese press have damaged our collection activities against the DPRK. It is critical that the United States and Japan share intelligence and that Japanese policymakers get access to relevant intelligence data, he added, but there needs to be a wider understanding of the real consequences of disclosures.

18. (S/NF) Moriya asserted that JDA officials understand the need to protect military intelligence better than anyone in the government. Moriya stated that it took the SDF years to recover from the public release of Japanese communications

intercepts related to the Soviet shoot-down of KAL Flight 007. Recent leaks, Moriya continued, have resulted from expanded intel sharing with other agencies less experienced in the field. The greater the demand from the public and political leadership for military intelligence, he asserted, the greater the temptation for officials to leak. Unfortunately, Moriya concluded, these leaks are often mistakenly attributed to JDA.
SCHIEFFER